



Architectural Value Is Not 'Hope Value'

The RICS Red Book, aims to provide a method of valuation that is clear, consistent and realistic. To this end, recommended for valuations are facts, data and realities. For potential opportunities that are not yet established as realisable, they are dismissed as 'hope value'. The RICS Red Book 2014 p.19, UKVS 1.3 pt 8 states:

"The valuer must ignore any element of 'hope value' for alternative uses..."

This process of relying on certainties does architecture a great disservice. It relegates the value in architecture to be only about establishing a certainty, such as to provide planning permission on a piece of land. It relegates architecture to a service, to pass a (planning) hurdle in a development.

Yet architectural design offers other values, such as flexible and adaptable design, subjective value and much more. Architecture *can* add value. Architecture looks to the building's lifetime use, incorporating many stakeholder perspectives: developer, owner, occupier, community and environment.

Consider the design of a building that is flexible, able to accommodate an uncertain future: a couple's home, becomes a young-family house, changes to be a teenage-family house, then to a

retirement home. This added value, adapting to uncertainty, will be dismissed, as it is not certain. Flexible design in uncertainty is a 'hope value', so not a considered in a valuation.

Having said the above, the valuation methodology recognises that these 'hope' values are indeed recognised by people. A RICS 'Market Value', the likely selling price on the market, is may have an element of hope value. The Red Book gives examples of what these might be: the future value from a prospective development (without current permission), or the prospect of synergistic or merger value.

We need a method of incorporating architectural value into a valuation report, beyond the term 'hope value'. As it stands, a developer will not be able to see value in, say, a flexible design, as it will not be recognised in the building's value when they are ready to sell. Instead, they will increase the number of bedrooms, as this is a quantifiable proxy for a building's value, understood as a determinate 'absolute' of value. This fosters short-sightedness into property development.

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